



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

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Peru

Asparagus

Annual

2003

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Report Highlights:

Asparagus production in Peru is expected to be 185,000 Metric Tons for MY 2003. Exports of processed asparagus reached 43,690 MT in 2002, while fresh exports were 52,777 MT, mostly to the U.S.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Lima [PE1], PE

Executive Summary

Asparagus production in Peru is expected to reach 185,000 Metric Tons in MY2003 and forecast to remain about the same in MY 2004. Asparagus is the second largest Peruvian agricultural export after coffee. Asparagus exports contribute about \$170 million in export sales annually. Exports of processed asparagus reached 43,640 MT in 2002 while fresh exports were 52,777 MT, mostly to the U.S.

This crop grows in the irrigated coastal valleys of Peru. There are two well-defined production areas. La Libertad, in the northern region of Peru, produces white asparagus, which is processed (canned or jarred) and exported to Europe. Ica, 300 kilometers south from Lima, produces green asparagus mainly for fresh export to the United States market. Arequipa, a thousand kilometers south of Lima, is also starting to develop production of this crop.

Asparagus growers are concerned about rapidly increasing supplies which has already resulted in sharply falling prices internationally. Another major concern is the new bioterrorism law which they claim could have a negative effect on Peruvian asparagus exports to the U.S.

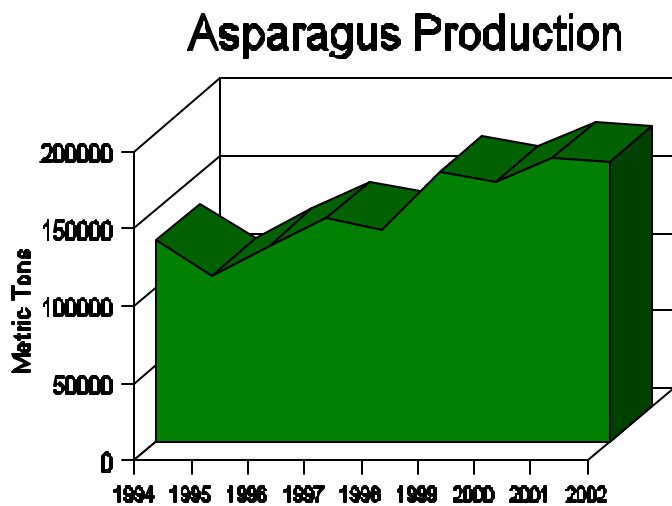
PSD Table						
Country	Peru					
Commodity	Fresh Asparagus				(HA)(MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	23000	22000	0	19000	0	19000
Area Harvested	22000	21000	0	17000	0	17000
TOTAL Production	205000	181000	0	185000	0	185000
Imports, Fresh	0	0	0	0	0	0
TOTAL SUPPLY	205000	181000	0	185000	0	185000
Exports, Fresh	45000	52777	0	60700	0	65000
Domestic Fresh Market	6000	6000	0	6000	0	6000
For Processing	154000	122223	0	118300	0	114000
TOTAL UTILIZATION	205000	181000	0	185000	0	185000

Export Trade Matrix	
Country	Peru
Commodity	Fresh Asparagus
Time period	
Exports for:	
U.S.	43017
Others	
Spain	3663
Netherlands	3276
UK	1875
Total for Others	8814
Others not Listed	946
Grand Total	52777

Production

Asparagus production in Peru is expected to increase 4,000 MT to 185,000 Metric Tons in 2003. In 2002 production fell three percent to 181,000. According to industry officials international demand for asparagus has reached a mature point, and its growth in the near future will not be as sharp as it was in the 1990s. Post forecasts asparagus production to remain at 185,000 MT in 2004.

Peru is one of the few countries where high quality asparagus is produced year round, due to warm and favorable weather in which the asparagus plant does not enter a dormant stage. Peru produces asparagus for two different markets: green asparagus for the United States, and white asparagus for the European market. Green asparagus, which is about 40 percent of total production, is sent fresh to the U.S. packed in 5 kilogram boxes, while white asparagus is processed then exported in cans or jars to Europe.



Agriculture along Peru's coast, has been, and still is, changing. Though the new Land Law has not been implemented yet, the current land tenure is allowing more entrepreneurial activity, and it is attracting local and foreign investment. Though capital flow has been limited recently due to political unrest, fresh capital in the agricultural sector is looking to invest in an exportable product, and asparagus is a profitable crop with a fairly stable foreign demand.

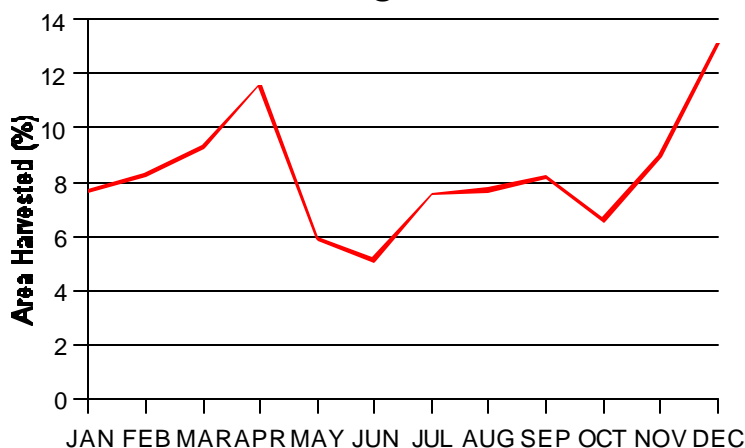
The privatization of some large sugar cooperatives has resulted in shifts of large tracts of land from sugar to asparagus production.

In an effort to increase production, some asparagus growers, especially in the northern areas, have been planting at a very high density. As a result they are harvesting more per hectare, but the asparagus come out thinner without the proper quality for the market. A large proportion of this asparagus is rejected by the processing plants because it does not meet export quality standards, and as a result the processing plants are finding it increasingly difficult to buy sufficient good-quality asparagus.

Crop Area and Yields

Production area is estimated to be 19,000 hectares in 2003, decreasing about 3,000 hectares from the previous year. This area reduction is a result of old plants being replaced. Even though production and capital credits are unavailable or expensive, especially for the medium size and small producer, and production costs are rising, asparagus still is a profitable crop. Farmers in the coastal valleys of Peru are attracted to asparagus more than any other crop, because of the possibilities in the international market.

Harvesting Season



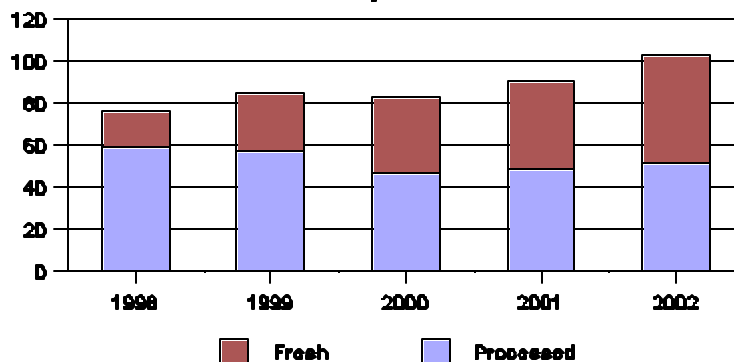
Average yields are around 6 tons per hectare, but can reach as high as 18 tons per hectare among some of the most efficient producers. Asparagus producers in the Ica region (south of Lima) are usually more efficient. Because surface water only flows from November to March, most producers have wells and drip irrigation systems, which make water available but expensive, due to the high local cost of fuel. Green asparagus production requires more water than white asparagus.

Trade

Processed asparagus exports reached 43,640 MT in 2002, and are expected to increase four percent in 2003. Fresh asparagus exports were 52,777 MT in 2002. With total exports at around \$170 million per year, asparagus is Peru's second most important agricultural export. With 58 percent of exports in 2002, Spain continues to be Peru's most important processed asparagus buyer, followed by France, Germany, Netherlands and Denmark. The U.S. is the main market for fresh asparagus, accounting for about 81 percent of the market in 2002.

Most Peruvian exporters agree that the world asparagus market has reached a mature level, some even talk about a saturated market. Since asparagus supply in the U.S. has increased faster than demand, Peruvian exporters have seen a sharp reduction in prices. Ten years ago a 5-kilogram box of fresh asparagus sold for \$50 and now it can fall as low as \$9 a box, when the California harvesting season begins. Usually Peruvian producers start sending their crop to the market between mid June and September at prices ranging from \$14 to \$16. Some producer even try to hold their crop for Thanksgiving or Christmas when prices reach their highest.

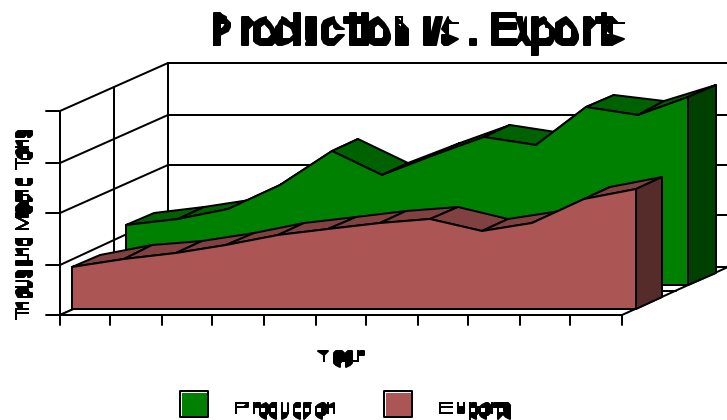
Exports



Chinese asparagus exports are a major source of worries for Peruvian asparagus producers. Ninety percent of Peruvian agricultural exports, including asparagus, enter duty free to the European Community. Despite the 16 percent import duty assessed to Chinese asparagus, it still is cheaper than Peruvian. Though China only affects the processed asparagus market, it has reduced asparagus prices in Europe sharply in the last two years.

Another hurdle that Peruvian exporters have to face is expensive freight. Historically air freight cost from Lima to Miami has been around \$0.85 per kilogram, current cost is \$1.25 per kilogram. The main reason for this increase is the lack of merchandise for the come-back freight. Currently, freight is up to 40 percent of the total cost of the landed price in the U.S.

In February 2002, APHIS declared that all fresh Peruvian asparagus needed to be fumigated against copitarsia. At the Peruvian producers' request, APHIS has approved a pre-clearance program which will be implemented as soon as the Peruvian producers finish evaluating alternative methods for fumigation.



Policy

The GOP does not have an official policy to encourage asparagus production. Most of the GOP's effort is on the marketing side through "Prompex" (the export promotion committee). This rather new organization has been active and has had some success promoting agricultural exports. Prompex activities includes a commercial mission to the Produce Marketing Association (PMA) annually in the U.S. Producers have been satisfied with the outcome of this activity and have been able to contact new potential customers, especially supermarket chains.

Asparagus exporters have began a check-off system to financed marketing programs which include consumption promotion, phytosanitary protection, quality control certification and an information system to supply producers with the latest developments on worldwide and national production and prices. All these activities are carried out by the Peruvian Asparagus Institute (IPE), which was established in 1998, in an effort to increase their marketing activity as well as improve relations with the government. IPE was very active in the negotiations to extend ATPA.

Peruvian asparagus producers are very concern about that the new U.S. bioterrorism legislation could have a negative effect on their busieness with the U.S. They have identified three points of concern:

- short time for enforcing this legislation,
- FDA's capability to effectively register all exporting facilities, and
- administrative detention, they claim that the criteria for detention are not clearly specified